

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 SS-15 SSO-00 EB-07 L-03 INR-07 OES-06

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DRAFTED BY EA/IMS:DKENNEY:LRR

APPROVED BY EA - LESTER E. EDMOND

P - MR. HABIB

S/S - MR. SEBASTIAN

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O R 122018Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 200737

STADIS//////////

E.O. 11652: GDS

'AGS: ENGR, EFIN, ID, JA, US

SUBJECT: INDONESIAN-JAPAN LNG TRANSPORTATION

REF: (A) STATE 199460; (B) JAKARTA 10560

1. UNDER SECRETARY HABIB DID NOT GO INTO ANY DETAILS WITH
AMBASSADOR TOGO (REF A) REGARDING THE VARIOUS OPTIONS
BURMAH TANKERS MIGHT HAVE UNDER CONSIDERATION IN THE
EVENTUALITY/PROBABILITY THAT CONSTRUCTION OF EASCO VESSELS
WAS NOT COMPLETED IN TIME FOR TRANSPORTING THE FIRST GAS
FROM BADAK FIELD IN MARCH 1977. HABIB REPEATEDLY
EMPHASIZED, HOWEVER, IN MEETING OF AUGUST 10 THAT BURMAH
TANKER'S GUARANTEE TO ARRANGE FOR SUBSTITUTE TANKERS (I.E.,
NON-EASCO VESSELS) ONE WAY OR ANOTHER "WHEN GAS WAS READY
TO FLOW" WAS INTENDED TO MEET JAPANESE CONCERNS AND SHOULD
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BE REASSURING TO THE JAPANESE SIDE. IN USG VIEW THIS --

PLUS GD'S WILLINGNESS TO ASSUME EQUITY POSITION IN B T--
PROVIDED A REASONABLE BASIS FOR SETTLEMENT OF THE DISPUTE.

2. AS WE INDICATED WE WOULD IN NEWSOM-EDMOND TELECON, WE
HAVE INFORMED GENERAL DYNAMICS CHAIRMAN LEWIS OF WIJARSO'S
JUDGMENT (REF B) THAT DEAL NOW HINGES ON ABILITY OF B T/GD
TO LOWER FREIGHT RATES. GD WILL IMMEDIATELY GET IN TOUCH
WITH B T. REP OF LATTER (BUT NOT GD) HAS BEEN INVITED TO

BE PRESENT IN TOKYO DURING NEGOTIATIONS. WE WERE,
HOWEVER, UNCLEAR AS TO INTENT OF WIJARSO'S COMMENT ABOUT
"FLESH GROWING BACK." IS WIJARSO SUGGESTING THAT IF B T
LOWERS ITS RATES, THERE STILL COULD BE SOME KIND OF RE-
ADJUSTMENT LATER ON IF IT SHOULD BE DETERMINED THAT
ARRANGEMENT WAS CAUSING BT FINANCIAL DIFFICULTIES? KISSINGER

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